

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 9/1/2010

GAIN Report Number: VM0056

Vietnam

Grain and Feed Update

August - 2010

Approved By:

Roy J. Taylor

Prepared By:

Quan Tran

Report Highlights:

Post revises its estimate for Vietnam's MY 2009 rice production from 39.01 million tons to 39.04 million tons (paddy basis), due to an estimated good autumn crop in the south of Vietnam.

Post revises Vietnam's MY 2009 export volume up from 5.75 million tons to 6.2 million tons of rice (milled basis). This increase is the result of many new contracts being signed in August, both government and commercial, because buyers felt that Vietnamese rice was still price-competitive compared with other sources.

Post:

Hanoi

Commodities:

Rice, Milled

Author Defined:
STATISTICAL TABLES

Table 1 Vietnam's Production, Supply and Demand for Rice

Rice, Milled Vietnam	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested	7,334	7,334	7,334	7,370	7,345	7,351	7,350	7,350	7,350
Beginning Stocks	2,018	2,018	2,018	1,961	1,961	1,961	1,941	1,941	1,409
Milled Production	24,393	24,393	24,393	24,380	24,380	24,398	24,750	24,750	24,750
Rough Production	38,904	38,904	38,904	39,008	39,008	39,037	39,600	39,600	39,600
Milling Rate (.9999)	6,270	6,270	6,270	6,250	6,250	6,250	6,250	6,250	6,250
MY Imports	500	500	500	500	500	400	500	500	500
TY Imports	500	500	500	500	500	400	500	500	500
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	26,911	26,911	26,911	26,841	26,841	26,759	27,191	27,191	26,659
MY Exports	5,950	5,950	5,950	5,750	5,750	6,200	5,800	5,800	5,800
TY Exports	5,950	5,950	5,950	5,750	5,750	6,200	5,800	5,800	5,800
Consumption & Residual	19,000	19,000	19,000	19,150	19,150	19,150	19,500	19,500	19,500
Ending Stocks	1,961	1,961	1,961	1,941	1,941	1,409	1,891	1,891	1,359
Total Distribution	26,911	26,911	26,911	26,841	26,841	26,759	27,191	27,191	26,659
Yield (Rough)	5.	5.	5.3046	5.	5.	5.3104	5.	5.	5.3878

PRODUCTION

Table 2 Vietnam's Area, Yield, and Production for Rough Rice (as of May 2010)

Marketing Year	2008 Revised		2009 Estimate		2010 Forecast	
Harvested Area (tha)	Old	New	Old	New	Old	New
Winter ¹	1,800	1,800	1,800	1,800	1,800	1,800
Spring ²	3,024	3,024	3,035	3,035	3,000	3,000
Autumn ³	2,510	2,510	2,510	2,516	2,550	2,550
TOTAL	7,334	7,334	7,345	7,351	7,350	7,350
Yield (mt/ha)						
Winter	4.46	4.46	4.35	4.35	4.35	4.35
Spring	6.15	6.15	6.22	6.22	6.20	6.20
Autumn	4.89	4.89	4.90	4.90	5.16	5.16
AVERAGE	5.30	5.30	5.31	5.31	5.39	5.39
Production (tmt)						
Winter	8,028	8,028	7,831	7,831	7,831	7,831
Spring	18,598	18,598	18,878	18,878	18,600	18,600
Autumn	12,278	12,278	12,299	12,328	13,169	13,169
TOTAL	38,904	38,904	39,008	39,037	39,600	39,600

¹ Lua Mua (10th Month), ² Winter-Spring, ³ Summer-Autumn
Source: MARD, Post estimates

Estimate for MY 2009 (began January 2010)

Post revises its estimate for Vietnam's MY 2009 rice production from 39.01 million tons to 39.04 million tons (paddy basis), due to an estimated good autumn crop in the south of Vietnam.

Autumn Crop (including main autumn and late autumn crops)

According the MARD's August 15, 2010 report, Vietnam's total planting area for the main autumn crop was up 26,269 hectares to 2.08 million hectares, when compared to MARD's June report. While the planting area in south-central and the central highlands dropped 22,498 hectares and 68,408 hectares, respectively, due to the dry weather, the south-eastern and the Mekong River Delta (MRD) areas have raised Vietnam's total planting area by increasing 44,000 hectares and 74,000 hectares, respectively. Favorable weather conditions in the south of Vietnam and competitive rice prices compared with other crops, fish, and shrimp are the main reasons for farmers grew more rice than expected.

Planting of the late autumn crop was reported at 218,930 hectares, as of August 15. Post keeps its estimate of the harvested area for the late autumn crop at 430,000 hectares, 40,000 hectares lower than for the MY 2008 late autumn crop.

The total planting area, therefore, for the whole MY 2009 autumn crop is estimated at 2.516 million hectares, slightly up from last year.

As of August 15, the total harvesting area was 1.193 million hectares, or about 61 percent of the total planting area. The provincial Departments of Agriculture and Rural Development (DARD) report that the yield estimate is higher, especially that of the crop in the Mekong River Delta (MRD) provinces. The output from other regions, in contrast, is not expected to be good due to unfavorable weather, though firm production estimate from those parts have not yet been reported.

Winter Crop

Vietnam has planted 1.41 million hectares of the winter crop, which means that the planting progress is equal to 96 percent of the same period of last year.

The Mekong River Delta (MRD) Rice Production

Autumn Crop (including main autumn and late autumn crops)

Out of 1.63 million hectares, 1.10 million hectares, or about 67% of total planting area in the MRD, had been harvested as of August 15. The average yield is estimated at 5.00 tons per hectares, 0.28 ton higher than the yield of the MRD's MY 2008 production.

Post's production estimate for the MRD's main autumn crop is increased from 7.54 million tons to 8.15 million tons of rice paddy, due to both larger production area and higher yield.

The overall MY 2009 MRD rice production is estimated at 21.32 million tons, up 1.19 million tons from last year, and up 0.86 million tons compared to Post's June estimate, but production from other parts of Vietnam may be lower than expected.

Table 3. Rice Production in the Mekong Delta by Marketing Year

(000 ha; mt/ha; 000 mt)

	2008 (Revised)			2009 (Estimate) (old)			2009 (Estimate) (new)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Winter	320	3.95	1,264	310	3.95	1,225	310	3.95	1,225
Spring	1,544	6.32	9,758	1,559	6.40	9,978	1,559	6.56	10,227
Autumn	1,553	4.72	7,330	1,570	4.80	7,536	1,630	5.00	8,150
Late Autumn	470	3.80	1,786	430	4.00	1,720	430	4.00	1,720
Total	3,907		20,138	3,909		20,459	3,869		21,322

Source: MARD, Post estimate

Imports of rice paddy from Cambodia

There is no official Customs data for Cambodian rice paddy exports to Vietnam. Post estimates that 400,000 tons of rice (milled basis) were exported from Cambodia to Vietnam in MY 2009, down 100,000 tons from MY 2008; the decrease being due to the longer dry season in Cambodia.

Vietnam MY 2009 rice export

Post revises Vietnam's MY 2009 export volume up from 5.75 million tons to 6.2 million tons of rice (milled basis).

Due to unexpected demand from China, Bangladesh, and African countries, which occurred at the same time as unfavorable wheat crop estimates in CIS countries, Vietnamese export rice prices have kept increasing since early August. As a result, many new contracts were signed during this month, both government and commercial contracts, because buyers found that Vietnamese rice was still price competitive compared with other sources.

The total year-to-date contracts are already at about 6.2 million tons, as publicly stated by the Ministry of Industry and Trade.

Up from its previous 5.5-6.0 million ton target, 6.2 million tons is likely to be Vietnam's new rice export target for MY 2009. According to local exporters, with the new export target, Vietnam may be short of available export quantities for the new contracts for the rest of the year. Outstanding shipments for September – December 2010 will mostly be for Cuba, African countries, Bangladesh, and the Philippines.